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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO BUSINESSES AND PROFESSIONS -- FANTASY SPORTS CONSUMER
PROTECTION ACT

Introduced By: Representatives Slater, Potter, and Diaz

Date Introduced: March 12, 2025

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 5 of the General Laws entitled "BUSINESSES AND PROFESSIONS"
2 is hereby amended by adding thereto the following chapter:

3 CHAPTER 97

4 FANTASY SPORTS CONSUMER PROTECTION ACT

5 **5-97-1. Short title.**

6 This chapter shall be known and may be cited as the "Fantasy Sports Consumer Protection
7 Act."

8 **5-97-2. Definitions.**

9 For purposes of this chapter, the following words, terms and phrases shall have the
10 following meanings:

11 (1) "Adjusted gross fantasy contest receipts" means the amount equal to the total of all
12 entry fees that a fantasy contest operator collects from all participants less only the total of all prizes
13 paid out as prizes to all participants multiplied by the location percentage for this state.

14 (2) "Applicant" means a fantasy contest operator that submits an application for licensure
15 under this chapter.

16 (3) "Athlete" means professional or amateur competitors in real-world sports events or an
17 organized video game competition that is regulated by a governing body and that is held between
18 players who play individually or as teams.

- 1 (4) "Department" means the department of business regulation.
- 2 (5) "Entry fee" means a cash or cash equivalent that is paid by a participant in advance to
3 participate in a fantasy contest offered by a fantasy contest operator.
- 4 (6) "Fantasy contest" means an online fantasy or simulated game or contest of skill with an
5 entry fee in which:
- 6 (i) Multiple participants compete against each other;
- 7 (ii) The values of all prizes offered to a winning participant are established and made
8 known to the participant in advance of the contest;
- 9 (iii) All winning outcomes reflect the relative knowledge and skill of the participant;
- 10 (iv) The participant assembles a fictional entry or roster of actual athletes;
- 11 (v) A participant competes for prizes awarded by a fantasy contest operator based on terms
12 and conditions published by the fantasy contest operator and made known to the participant in
13 advance of the contest;
- 14 (vi) Winning outcomes are determined solely by clearly established scoring criteria based
15 on one or more statistical results of the performance of an individual athlete including, but not
16 limited to, a fantasy score;
- 17 (vii) No winning outcome is based on the score, point spread, or any performance of any
18 single actual team or combination of teams or solely on any single performance of an individual
19 athlete or player in any single actual event; and
- 20 (viii) "Fantasy contest" does not include any fantasy contest without an entry fee.
- 21 (7) "Fantasy contest operator" means a person or entity that offers fantasy contests to
22 members of the public. "Fantasy contest operator" does not include an Internet service provider or
23 a provider of mobile data services merely as a result of that entity's transporting general traffic that
24 may include a fantasy contest.
- 25 (8) "Location percentage" means the percentage rounded to the nearest one-tenth of one
26 percent (0.1%) of the total entry fees collected from players located in this state, divided by the
27 total entry fees collected from all players in the fantasy contest.
- 28 (9) "Participant" means an individual who participates in a fantasy contest offered by a
29 fantasy contest operator. "Participant" does not include a fantasy contest operator by virtue of
30 doing any combination of the following:
- 31 (i) Setting house rules for a contest;
- 32 (ii) Assigning a salary or target score to any eligible athlete or player;
- 33 (iii) Accepting an entry fee from a fantasy contest participant; or
- 34 (iv) Awarding or disbursing prizes in conformance with this chapter.

1 (10) “Prohibited participant” means an individual who has self-excluded under § 5-97-10
2 or an athlete, coach, referee, trainer, or team staff when the fantasy contest entry includes athlete
3 selections from sports events overseen by the same sports governing body which oversees the
4 athlete, coach, referee, trainer or team staff in question.

5 (11) “Sporting event” means a real-world athletic event or an organized video game
6 competition or other event approved by the department that is regulated by a governing body and
7 that is held between athletes who play individually or as teams.

8 (12) “Sports governing body” means the organization that prescribes final rules and
9 enforces codes of conduct with respect to a sporting event and athletes therein.

10 **5-97-3. Department duties and powers.**

11 (a) The department shall regulate the conduct of fantasy contest operators under this
12 chapter.

13 (b) The department shall adopt any rules and regulations necessary for the successful
14 implementation, administration, and enforcement of this chapter. The department shall adopt rules
15 and regulations no later than one hundred eighty (180) days after the effective date of this chapter.
16 Rules and regulations proposed by the department may be adopted as emergency rules pursuant to
17 § 42-35-2.10.

18 (c) The department shall levy and collect all fees, surcharges, civil penalties, and taxes
19 imposed under § 5-97-9.

20 (d) The department shall require fantasy contest operators to implement procedures to
21 prevent fraud, abuse, and money laundering.

22 (e) The department shall verify that fantasy contest operators establish technical and
23 operational measures to prevent underage participation in a fantasy contest.

24 (f) The department shall verify that fantasy contest operators deploy identity verification
25 procedures, which may require the use of a reputable independent third party that is in the business
26 of verifying an individual's personally identifiable information and can detect potential prohibited
27 participants.

28 (g) The department shall verify that fantasy contest operators employ mechanisms on the
29 operator's platform that are designed to detect and prevent unauthorized accounts and to detect and
30 prevent fraud, money laundering, and collusion.

31 (h) The department shall require the use of geolocation technology to verify that a
32 participant is not entering fantasy contests from a restricted jurisdiction.

33 (i) The department shall adopt rules and regulations establishing compulsive and problem
34 gaming standards for fantasy contest operators that are consistent with this chapter.

1 (j) The department may exercise any other powers necessary to enforce the provisions of
2 this chapter.

3 (k) The department and fantasy contest operator licensees shall cooperate with
4 investigations conducted by law enforcement agencies including, but not limited to, providing and
5 facilitating the provision of account-level entry and participation information.

6 (l) A fantasy contest operator licensee shall make all reasonable efforts to promptly notify
7 the department of any information relating to:

8 (1) A confirmed breach of the relevant sport's governing body's internal rules and codes of
9 conduct, if provided to the fantasy contest operator, pertaining to participation in real-money
10 fantasy contests;

11 (2) Any conduct that corrupts any outcome related to a sports event or sports events for
12 purposes of financial gain, including match fixing; and

13 (3) Confirmed illegal activities, including use of funds derived from illegal activity, entries
14 to conceal or launder funds derived from illegal activity, multi-accounting, and using false
15 identification.

16 **5-97-4. License.**

17 (a) Except as otherwise provided in this section, a person shall not offer fantasy contests in
18 this state unless the person is licensed by the department as a fantasy contest operator.

19 (b) An applicant for a license issued under this chapter shall submit an application in the
20 form required by the department. The applicant shall submit fingerprints for a national criminal
21 history record check by a law enforcement agency. The fingerprints shall be furnished by the
22 applicant's owners, officers, and directors of a corporation, managers and members of a limited
23 liability company, and partners of a partnership. The fingerprints shall be accompanied by a signed
24 authorization for the release of information by the law enforcement agency. The department may
25 require additional background checks on licensees when they apply for license renewal, and an
26 applicant convicted of a disqualifying offense shall not be licensed. This subsection does not require
27 an applicant or individual who has submitted to a national criminal history record check in this state
28 or any other state within twelve (12) months before submitting the application to resubmit to
29 another criminal history record check if the applicant or individual submits the results of the
30 previous criminal history record check and affirms that there has been no material change in the
31 criminal history since the time of the criminal history record check.

32 (c) The information required by the department shall include documentation of all of the
33 following:

34 (1) The name of the applicant.

- 1 (2) The location of the applicant's principal place of business.
- 2 (3) The applicant's contact information.
- 3 (4) The applicant's social security number or, if applicable, the applicant's federal tax
4 identification number.
- 5 (5) The name and address of each individual that holds a ten percent (10%) or more
6 ownership interest in the applicant or in shares of the applicant.
- 7 (6) The applicant's criminal record, if any, or, if the applicant is a business entity, on
8 request, any criminal record of an individual who is a director, officer, or key employee of the
9 applicant or any individual who has a ten percent (10%) or more ownership interest in the applicant.
- 10 (7) Any ownership interest that a director, officer, key employee, or individual owner of
11 ten percent (10%) or more of the applicant holds in a business that is or was a fantasy contest
12 operator or similar entity in any jurisdiction.
- 13 (8) An identification of any business in which an applicant or a director, officer, key
14 employee, or individual owner of ten percent (10%) or more of the applicant has an equity interest
15 of five percent (5%) or more. If a business has been identified under this subsection, documentation
16 shall be provided showing the state in which the business is incorporated or registered, if applicable.
- 17 (9) Whether an applicant, director, officer, key employee, or individual owner of ten
18 percent (10%) or more of the applicant has ever applied for or been granted any license, registration,
19 or certificate issued by a licensing authority in this state or any other jurisdiction for a gaming
20 activity.
- 21 (10) Whether an applicant or a director, officer, key employee, or individual owner of ten
22 percent (10%) or more of the applicant has filed or been served with a complaint or other notice
23 filed by a public body regarding the delinquency in payment of or dispute over filings concerning
24 the payment of any tax required under federal, state, or local law, including the amount of tax, the
25 type of tax, the taxing agency and the time periods involved.
- 26 (11) Information sufficient to show, as determined by the department, that the applicant
27 can meet the requirements of procedures submitted by the applicant and any rules and regulations
28 pursuant to this chapter.
- 29 (d) The department may adopt rules and regulations to establish additional qualifications
30 and requirements to preserve the integrity and security of fantasy contests in this state and to
31 promote and maintain a competitive fantasy sports market.
- 32 (e) Upon receipt of a completed application and required fee, the department shall conduct
33 the necessary background investigation to determine if the applicant meets the qualifications for
34 licensure. Upon completion of the necessary background investigation, the department shall either

1 issue a license or deny the application. If the application for licensure is denied, a statement setting
2 forth the grounds for denial shall be forwarded to the applicant together with all other documents
3 relied on by the department, to the extent allowed by law.

4 **5-97-5. Fantasy contests.**

5 (a) Any fantasy contest does not constitute gambling for any purpose.

6 (b) Notwithstanding any provision of law to the contrary, the operation of fantasy contests
7 is only lawful when conducted in accordance with the provisions of this chapter.

8 (c) A person participating in a fantasy contest shall be at least eighteen (18) years of age.

9 (d) A licensee may only accept an entry from a person physically located in the state. A
10 fantasy contest operator shall use a geolocation system to ensure that a participant is physically
11 present in the state when submitting a fantasy contest entry unless otherwise authorized by the
12 department.

13 (e) This chapter shall be construed liberally to promote the general welfare of the public
14 and integrity of the fantasy sports industry. However, the department shall not adopt rules or
15 regulations limiting or regulating the rules or administration of an individual fantasy contest, the
16 statistical makeup of a fantasy contest, or the digital platform of a fantasy contest operator. Further,
17 the department shall not limit or restrict the types of fantasy contests allowed, by labelling any such
18 contests as sports wagering.

19 (f) No licensed fantasy contest operator shall be forced to surrender or terminate its license
20 prior to the date of expiration of the license solely by virtue of an amendment to the rules adopted
21 by this chapter.

22 **5-97-6. Issuance and denial of license.**

23 (a) The initial license fee for a fantasy contest operator that operated in this state, before
24 the effective date of this chapter, shall be fifteen percent (15%) of its adjusted gross fantasy contest
25 receipts from the preceding calendar year or ten thousand dollars (\$10,000), whichever is less. The
26 initial license fee for a fantasy contest operator that did not operate in this state for at least twelve
27 (12) months before the effective date of this chapter shall be five thousand dollars (\$5,000);
28 provided that, such a fantasy sports contest operator shall remit a supplemental license fee of fifteen
29 percent (15%) of its adjusted gross fantasy sports contest receipts for the twelve (12) month period
30 beginning on the date of licensure less the initial license fee, or five thousand dollars (\$5,000),
31 whichever is less.

32 (b) A fantasy contest operator that was offering contests to persons located in this state
33 before the effective date of this chapter may continue to offer contests to persons located in this
34 state until the fantasy contest operator's application for licensure has been approved or denied if the

1 fantasy contest operator files an application for licensure with the department within ninety (90)
2 days after the adoption of the rules and regulations promulgated pursuant to and under the
3 provisions of this chapter.

4 (c) Licenses issued by the department shall remain in effect for four (4) years. The
5 department shall establish a process for renewal with a renewal fee being one percent (1%) of the
6 adjusted gross fantasy contests receipts for the preceding four (4) years.

7 (d) A fantasy contest operator that allows its license to lapse, without requesting an
8 extension of time to file, shall resubmit an initial application. An extension may be granted by the
9 department upon receipt of a written request.

10 (e) A fantasy contest operator applying for a license or renewal of a license may operate
11 during the application period unless the department has reasonable cause to believe that the fantasy
12 contest operator is or may be in violation of the provisions of this chapter and the department
13 requires the fantasy contest operator to suspend the operation of any fantasy contest until the license
14 or renewal of a license is issued.

15 **5-97-7. Independent audits.**

16 (a) As part of its submission for licensure or renewal, an applicant shall:

17 (1) Contract with a certified public accountant to conduct an independent audit, consistent
18 with generally accepted accounting principles;

19 (2) Annually contract with a certified public accountant, or another professional service
20 provider, recognized by the department to verify compliance with the provisions of this chapter;
21 and

22 (3) Submit to the department a copy of the audit report and a copy of the compliance report
23 of the certified public accountant or professional service provider.

24 (b) An initial applicant is not required to submit an audit report until the twenty-four (24)
25 months following the issuance of a license to the licensee.

26 **5-97-8. Reporting prohibited conduct -- Investigations of prohibited conduct.**

27 (a) The department shall investigate all reasonable allegations of prohibited conduct and
28 refer any allegations it deems credible to the appropriate law enforcement entity.

29 (b) The identity of any reporting person shall remain confidential unless that person
30 authorizes disclosure of the person's identity or until the allegation of prohibited conduct is referred
31 to law enforcement.

32 (c) If the department receives a complaint of prohibited conduct by an athlete, the
33 department shall notify the appropriate sports governing body of the athlete to review the complaint
34 as provided by rule and regulation of the department.

1 (d) The department shall adopt rules and regulation's governing investigations of prohibited
2 conduct and referrals to law enforcement entities.

3 **5-97-9. Imposition of tax.**

4 For the fiscal year beginning on July 1, 2025, for the privilege of holding a license to
5 operate fantasy contests, the state shall impose and collect a tax at a rate of ten percent (10%) of
6 the fantasy contest operator's adjusted gross fantasy contests receipts. The accrual method of
7 accounting shall be used for purposes of calculating the amount of the tax owed by the licensee.
8 The fantasy contest operator shall submit to the department, on or before the last day of each
9 calendar month, a return indicating the amount of tax due for the previous calendar month as well
10 as any other information the department shall require and shall remit to the department payment of
11 the tax due with the return.

12 **5-97-10. Compulsive gaming -- Voluntary self-exclusion.**

13 (a) Each licensee shall include a statement regarding obtaining assistance with real-money
14 gaming problems on the licensee's portal, website, computer or mobile application and on all
15 marketing materials and advertisements of the licensee.

16 (b) A resident, or nonresident if allowed to participate in fantasy contests, may voluntarily
17 prohibit themselves from establishing a fantasy contest account with a fantasy contest operator.
18 The department shall incorporate the voluntary self-exclusion program for fantasy contests into any
19 existing self-exclusion program that it operates on the effective date of this chapter.

20 (c) If a self-excluded person participates in a fantasy contest, the fantasy contest operator
21 shall report to the department, at a minimum, the name of the self-excluded person, the date of
22 participation, the amount or value of any money, prizes, or awards forfeited, if any, and any other
23 action taken.

24 (d) A fantasy contest operator may not pay any prize or award to a person who is on the
25 department's self-exclusion list. Any prize or award won by a person on the self-exclusion list is
26 forfeited and shall be donated by the fantasy contest operator to the problem gaming charities or
27 programs as identified and directed by the department on a quarterly basis by the twenty-fifth day
28 of the following month.

29 (e) A fantasy contest operator shall develop and maintain a program to mitigate compulsive
30 play and curtail compulsive play, which may be in conjunction with the department.

31 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO BUSINESSES AND PROFESSIONS -- FANTASY SPORTS CONSUMER
PROTECTION ACT

1 This act would empower the department of business regulation (DBR) to license and
2 regulate fantasy contest operators conducting fantasy sports contests limited to participants located
3 within the state. This act would also levy a ten percent (10%) tax on their adjusted gross receipts.

4 This act would take effect upon passage.

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